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Note: This application packet is released in draft form in order to solicit input from cities regarding the process and criteria for City TDR grant awards.

**Comments are to be submitted to
heather.ballash@commerce.wa.gov by [June 24]**

APPLICATION PACKET

Transfer of Development Rights Project Grants for Central Puget Sound Cities

Proposed Release Date: [early July 2010]

**Proposed Due Date: [end of July 2010]
Received by 5:00 PM, Pacific Time,
Department of Commerce,
Growth Management Services**

Transfer of Development Rights Project Grants for Central Puget Sound Cities

Competitive Application Packet

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I. Overview

A. Purpose of Program

The Puget Sound is threatened by growth on or near high value resources – wetlands, riparian corridors, upland and near-shore habitats, and floodplains. Stakeholders have been working together to develop robust transfer of development rights (TDR) policies and regulations to shift growth from these lands to areas where it is appropriate and desired, resulting in smart growth, vital communities, and conservation.

The key barrier to successful TDR is adequate receiving areas, which by state statute, is defined as incorporated cities and towns (referred to hereafter as "cities") in King, Kitsap, Pierce and Snohomish Counties. And, the lack of incentives for cities to participate was described by the state-led Policy Advisory Committee that developed the regional TDR program during 2007-2008 as the biggest challenge to establishing a TDR program in the region.

In 2009, the U.S. Environmental Protection Agency (U.S. EPA) provided funding to keep the regional TDR alliance active. In 2010, U.S. EPA provided funding to establish a competitive grant program to increase the number of cities with functioning TDR policies and regulations, thereby allowing development to be transferred to cities from farm and forest lands, as well as lands – including wetlands, riparian corridors, upland and near-shore habitats, and floodplains – that are critical to watershed function and ecosystem health.

These funds, from the U.S. EPA's Puget Sound Watershed Management Assistance Program Grant, were awarded to the Puget Sound Regional Council (PSRC), in partnership with the Washington State Department of Commerce and the Cascade Land Conservancy. PSRC will provide overall grant administration, monitoring, and federal reporting. The Department of Commerce ("Commerce") will administer the grant funds, and negotiate and administer the contracts with, the cities.

B. Overview of Draft Application Packet

This application packet is provided to help eligible cities in the four Central Puget Sound counties (King, Pierce, Snohomish, and Kitsap) prepare an application for Transfer of Development Rights Project Grant funds.

Funding Amount

The total amount of funding that will be available for the TDR Project Grants for Central Puget Sound cities is approximately one million dollars (\$1,000,000). Grants will be awarded through a competitive process which is described in this packet. The anticipated maximum individual grant size is one hundred thousand dollars (\$100,000) per city. There is no minimum.

Commerce and PSRC reserve the right to offer partial funding, or revise the maximum grant size, depending upon the applications received. If partial funding is offered, Commerce will negotiate a scope of work that is acceptable to the city, Commerce, and PSRC.

Funding Period

Funding for cities is scheduled to begin no later than December 31, 2010, and must be expended within twenty-four months of the effective date of the contract. To assist cities in beginning their work by this deadline:

- The application requirements are kept to a minimum, although applicants are required to include a draft or adopted resolution of support indicating the level of commitment. If funded, additional information will be collected and an adopted resolution will be required prior to execution of a grant agreement. *[See page 12 for the requirements for the resolution]*.
- Staff is available to answer technical questions and discuss proposed activities, but staff cannot answer questions related to scoring. Please contact Heather Ballash, Transfer of Development Rights Program Manager, at (360) 725-3044 or heather.ballash@commerce.wa.gov.
- Application workshops will be held throughout the four counties during the month of June 2010. For more information about the workshops, go to www.commerce.wa.gov/tdr or contact Heather Ballash, Transfer of Development Rights Program Manager, at heather.ballash@commerce.wa.gov or (360) 725-3044.
- Frequently Asked Questions and Answers will be posted on the Commerce web site at www.commerce.wa.gov/tdr. Click on the hyperlink labeled "Grants to Cities".

Commerce and PSRC expect to announce project selections by [date], and quickly begin contract negotiations with selected applicants.

II. Eligibility

All applications will be reviewed for eligibility. Eligibility is based on whether the:

- Application is complete. A complete application consists of the five items listed below under *Application Details/Instructions*, including a draft or adopted resolution of commitment by the city or town council.
- Applicant is eligible.
- The activity or activities are eligible (proposed policies, regulations, or projects).
- If the applicant is seeking planning funds, the application must demonstrate a commitment to pursuing an interlocal agreement with a city's or town's respective county or adoption of the Commerce Interlocal Terms and Conditions Rule [link to rule](#) by reference to allow interjurisdictional transfers;
- If the applicant is seeking infrastructure funds, the application must demonstrate how the existing TDR policies, regulations, and interlocal agreement with the county meet the requirements of the regional TDR program.

If Commerce and PSRC determine that an application or proposed activities are ineligible, they will be removed from further consideration and the applicant will be notified. An application that includes several activities, some of which are determined ineligible, will be considered after the ineligible activities are removed. The application will be evaluated based on the remaining eligible activities.

A. Eligible Applicants for TDR Project Grants

Incorporated cities and towns within King, Kitsap, Pierce and Snohomish Counties are eligible to apply for TDR Project Grants. This is consistent with the Regional TDR Program for Central Puget Sound enacted by the Washington State Legislature and signed into law in 2009 (Chapter 43.362 RCW)

B. Eligible Activities

Funds will be awarded for TDR activities that further policies or regulations consistent with the regional TDR program per Chapter 43.362 RCW. Funded activities must lead to policies that allow development right transfers from farm, forest and other lands important to watershed health. Funded TDR activities would need to include the basic elements required to transfer development rights for use in an identified receiving area within the incorporated city or town.

Eligible projects include (a) development of new inter-jurisdictional TDR policies and regulations consistent with the regional TDR program; (b) revision of existing TDR policies or regulations to be consistent with the regional TDR program; or (c) funding for infrastructure in a designated receiving area, if existing TDR policies or regulations demonstrate consistency with the regional TDR program.

Consistency with the regional program is defined as:

- Inclusion of sending areas consistent with county designated sending areas and sending area criteria in RCW 43.362.040(1); and
- Inclusion of receiving areas within incorporated cities or towns per RCW 43.362.040(3).

Examples of eligible activities include:

- Subarea planning that would allow the subarea to function as a TDR receiving area;
- State Environmental Policy Act (SEPA) planned action environmental impact statements or other up front environmental review under SEPA for a receiving area;
- Identifying county sending areas consistent with the county TDR program and statute, from which the city or town will accept development rights;
- Identifying receiving areas into which development rights will be accepted;
- Establishing a transfer ratio, including any market analysis needed to establish the transfer ratio;
- Establishing incentives for developers in receiving areas;
- Establishing partnerships in the receiving area;
- Codifying each of the applicable items in local policies and regulations; or
- Construction of infrastructure in receiving areas.

Subawards

Cities will be allowed to make subawards of the grant funds to entities such as consultants, non-profits, counties or other organizations to assist with the work. Subawardees should have TDR or other related experience. City contracts with subawardees must comply with applicable federal and state requirements. Contracts between Commerce and cities will establish the federal state requirements and procedures for contracting for subawards.

C. Limitations on Eligible Activities/Costs

Reimbursement of Costs

All payments will be made based on reimbursable costs consistent with the Office of Financial Management Circular A-87, Cost Principles for State Agencies and Local Governments.

Management and Administrative Costs

Direct management and administrative costs are limited to those costs associated with the day-to-day administration of an eligible activity.

Costs Incurred Prior to Award/Effective Date of Contract

Costs incurred by a city or county prior to the date of award will not be reimbursed. The date of award is the effective date of the contract.

D. Ineligible Activities

Federally Prohibited Activities

Any activities prohibited by federal law.

III. Application Instructions and Evaluation Process

A. How to Apply

Due Date for Application = [End of July]

All applications must be received by Commerce by [date], at 5:00 p.m. PST. Applications can be delivered either:

- Electronic mail (E-mail), to: heather.ballash@commerce.wa.gov, with "TDR grant application" in the subject line, and the application documents attached electronically (saved and/or scanned using Adobe PDF format);
- Hand-delivered to the Department of Commerce, Local Government and Infrastructure Division, 906 Columbia Street SW, Olympia, Washington – 3rd Floor, Growth Management Services; or
- Mailed by Department of Commerce, Growth Management Services - TDR Program, P.O. Box 42525, Olympia, Washington 98504-2525.

Applicants will be notified by Commerce that their applications have been received.

B. Required Application Materials

Applications will be limited to 10 pages, excluding resolutions of commitment. The following items constitute a complete application:

1. Applicant Information
2. Work Plan
3. Budget
4. Evaluation Questions
5. Draft or Adopted Resolution of Support (see Sample Resolution on final page, with web links to other examples)

Each of the application items is shown below in the section entitled "**V. Application Materials.**"

C. Application Evaluation Process

After the eligibility screening, eligible applications will be forwarded to an evaluation team. The evaluation team will score and rank the applications using the scoring system described below. Applications will be scored based upon the entire application and not on individual activities.

Available funding will be allocated based on scoring and geographical balance. All applicants will be notified as to whether they will receive a grant or not.

If high scoring applications are withdrawn or eliminated, lower scoring applications may move up into funding range.

D. Evaluation Criteria and Scoring System

Evaluation criteria and scoring will be based on the following maximum point totals:

Project Overview	
Criteria / Points	Explanation / Description
Work Plan (30 points)	<p>Applications will be evaluated based on the extent and quality to which the project is part of a multifaceted approach (per VISION 2040 consistency criterion discussion below) to the development of a viable "receiving area" into which development rights can be transferred, as well as description of accepting development rights from defined high-value lands consistent with local county programs in the "sending area."</p> <p>Applications should link project activities with other actions underway or planned by the city and local county. They should also demonstrate how the city is prepared to work with stakeholders – including residents, landowners, and developers – in the receiving area to ensure a successful outcome and, ultimately, use of the project.</p> <p>Given the wide range of eligible activities, applications should describe how their projects further the city's and county's conservation and growth goal and can ultimately result in the establishment of functioning TDR policies and regulations.</p> <p>Note: The work plan should be sufficiently detailed for reviewers to understand the elements of your project. Therefore, please do not include vaguely defined goals, objectives, timeframes, or deliverables.</p>
Consistency with VISION 2040 (10 points)	<p>State statutes require that regional TDR efforts be guided by the multicounty planning policies in VISION 2040, the region's strategy for addressing anticipated growth of population and employment through 2040.</p> <p>Applications will be evaluated based on demonstrating, for example, whether the proposed receiving areas are within designated regional or local city centers or other activity centers. Do the proposed receiving areas have the capacity for additional density? Are adequate capital facilities planned or will they be planned in conjunction with the program or project? Will the receiving areas have access to multi-modal transportation?</p>

Project Overview	
Criteria / Points	Explanation / Description
Strategic Partnerships (10 points)	<p>TDR policies and regulations require the participation of multiple partners and stakeholders – cities, counties, developers, and citizens within receiving areas. Applications will be evaluated based on demonstration of strong collaborative partnerships and effective working relationships, or commitment to establish relationships with these stakeholders.</p> <p>To increase the scale of potential transfers and create efficiencies, cities can demonstrate strategic partnerships with other cities as part of a subarea or corridor approach.</p>
Innovation & sustainability (10 points)	<p>Applications will be evaluated based on demonstration of a strategic approach including, but not limited to, application of best practices; relationship to other programs or policies in the receiving and sending area; or specific linkages between receiving and sending areas. Innovative approaches include incentives for developers per RCW 43.362.060(2) and guidance provided by the Department of Commerce at www.commerce.wa.gov/tdr.</p> <p>Sustainable approaches could also include planning for receiving areas that contributes to the sustainability of a community, for example through planning for pedestrian and transit access.</p>

Ability to Proceed	
Criteria / Points	Criteria / Points
State of preparation (15 points)	<p>This criterion includes a number of elements: technical expertise, adequate capacity to meet the schedule, and fiscal integrity.</p> <p>Applications will be evaluated based on demonstration of a state of preparation to begin activity tasks, including staff expertise and capacity. Applications should describe any policies and plans that are already in place for implementation. Applications should include a summary of the milestones/critical steps and deadlines outlined in the work plan and an explanation of how the city will successfully complete the work before December 31, 2012.</p> <p>If the city is planning to subaward funds to assist in this work, the application should describe the approach for working with the subawardee, including interfacing with appropriate legislative and quasi-legislative bodies such as the planning commission.</p> <p>Note: If the applicant is proposing to revise existing TDR policies or regulations, information about the existing policies and regulations, and proposed changes to be consistent with the regional TDR program, should be included to the extent known.</p> <p>Note: If the applicant is seeking infrastructure funds, the application must demonstrate in response to this question how the existing TDR policies and regulations, and agreement with the county meet the requirements of the regional TDR program.</p>

<p>Level of commitment (20 points)</p>	<p>Note: Applications for infrastructure funds will not receive a score for this criterion since it is an eligibility requirement. The ranking system will normalize the point differential between infrastructure and planning applications.</p> <p>The goal of this competitive grant program is to work with cities that are interested in, and committed to, conserving natural resource lands and lands important to watershed health. As such, the goal is to fund projects in cities that demonstrate a high level of commitment to proceed toward adoption of TDR policies or regulations.</p> <p>Applications will be evaluated based on a sliding scale consistent with the level of commitment. Examples of increasing levels of commitment are (1 is lowest and 4 is highest):</p> <ol style="list-style-type: none"> 1. Studying the market for development rights, holding public meetings to discuss possible receiving areas, or having preliminary discussions with the respective county regarding transfers of development rights; 2. Conducting up front environmental analysis, preparing a planned action, or developing a subarea plan that would allow the area analyzed to function as a TDR receiving area. 3. Developing TDR policies and regulations for planning commission consideration, or negotiating a draft agreement with the respective county for transfer of development rights; 4. Taking TDR policies and regulations through the planning commission consideration and scheduling adoption for a council vote, or coming to agreement with the county through adoption of an interlocal agreement or the Commerce Interlocal Terms and Conditions Rule. <p>Commitment begins at the beginning of the application process, with a requirement for cities to include a draft or adopted Resolution of Support in their application materials. A sample is provided at the end of this application packet.</p> <p>Commitment is also defined, in part, to include working towards an agreement with the respective county to receive development rights either through an interlocal agreement or through an administrative rule adopted by Commerce as an alternative to an interlocal agreement . [for information on the Interlocal Terms and Condition Rule, go to www.commerce.wa.gov/tdr.]</p>
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Leveraging funds (leveraging) (5 points)	<p>Local matching funds are not required; however, applications will be evaluated based on leveraging grant funds with other sources of funding. Funding must be committed at the time of application. Pending applications for funds are not considered committed funds.</p> <p>Other funds include all project related expenditures from the date of application. Project related expenditures can be for planning or infrastructure in receiving areas from a variety of sources, including:</p> <ul style="list-style-type: none">• Public borrowing or general funds• Private borrowing• Private equity• Other federal and state funds• In-kind staff time on eligible projects, but not preparation of the application for this grant. <p>Applicants may not use other EPA Puget Sound Watershed Management Assistance Grant funds for leveraging. Match used for another grant cannot be used a second time as leveraging for this grant.</p>
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IV. Agency Contacts and More Information

A. Contracting with the Department of Commerce

Upon selection of contract awards, Commerce Growth Management and Puget Sound Regional Council staff will work with each successful applicant to prepare a TDR project grant funding contract.

To begin development of the contract, Growth Management staff will send the funding recipients a scope of work based on their original application. Funding recipients must return the final scope of work to Commerce within fourteen (14) calendar days of the postmark date. Commerce will then send the funding recipient their contract. The funding recipient must sign the contract and return it within fourteen calendar days of the postmark.

Contracts are to be returned to Heather Ballash, Transfer of Development Rights Program Manager.

B. For More Information

Contact Heather Ballash, TDR Program Manager, Local Government and Infrastructure Division – Heather.Ballash@commerce.wa.gov or (360) 725-3044.

A copy of the application packet is available at www.commerce.wa.gov/tdr.

V. Application Materials

An application form is provided at www.commerce.wa.gov/tdr. A complete application must be submitted with the following:

- Cover page with project description
- Application form
- Draft or Adopted Resolution of Support

Proposals, including cover page and project description must not exceed ten (10) single-sided or five (5) double-sided pages, and should use no less than 11-point font (the Resolution of Support is separate from this page limit). Pages in excess of the page limit will not be reviewed.

Resolution of Support

Applicants must include a draft or adopted resolution with their application, indicating support for the work to be done and describing the level of commitment to the work funded by the grant. An adopted resolution will be required before the contract can be signed.

To simplify this requirement, a sample Resolution of Support is provided in the application packet. A city may use this sample resolution as a template, or it may provide a resolution in a different format, as long as it contains provisions that clearly support the work, as described in the above paragraph. Other examples of resolutions are provided by the Commerce clearinghouse of TDR resources at www.commerce.wa.gov/tdr.

SAMPLE RESOLUTIONS OF SUPPORT

SAMPLE RESOLUTION FOR PLANNING GRANT

A RESOLUTION STATING THE CITY COUNCIL'S SUPPORT FOR DEVELOPING AN NEW INTERLOCAL AGREEMENT WITH _____ COUNTY FOR TRANSFERRING WORKING AGRICULTURAL AND FOREST LAND DEVELOPMENT RIGHTS, AND DEVELOPMENT OF CITY TRANSFER OF DEVELOPMENT RIGHTS POLICIES AND REGULATIONS CONSISTENT WITH THE REGIONAL TRANSFER OF DEVELOPMENT RIGHTS PROGRAM.

WHEREAS, the transfer of development rights (TDR) is one tool available to Washington communities to encourage the preservation of working agricultural and forest land while also promoting higher-density, infill development within incorporated cities, consistent with the Washington State Growth Management Act (GMA), Chapter 36.70A RCW, and as provided in the Regional Transfer of Development Rights Program, Chapter 43.362 RCW; and

WHEREAS, the Washington State Legislature recently affirmed the regional TDR program by directing the Washington State Department of Commerce to establish a regional TDR program in Central Puget Sound;

WHEREAS, to further City goals in policies _____, it is important to preserve working agricultural and forest land; and

WHEREAS, through a grant from the U.S. Environmental Protection Agency the Puget Sound Regional Council will work with the state, _____ County, and the Cascade Land Conservancy to implement a regional TDR program; and

WHEREAS, through a grant from the U.S. Environmental Protection Agency the Puget Sound Regional Council will work with the state to provide grants to cities to develop an interlocal agreement with the county; develop TDR policies and regulations; revise existing TDR policies and regulations; or provide infrastructure improvements in already designated receiving areas consistent with the regional TDR program; and

WHEREAS, [Possible options: (1) The City has not done the environmental review and planning required to develop the policies, codes, and administrative procedures for receipt of TDR transfers from the County; (2) The City currently does not have the policies, codes, administrative procedures, or interlocal agreement required to receive TDR transfers from the County; (3) The City has policies, codes, and administrative procedures that must be revised, and must develop an interlocal agreement with the County, to receive TDR transfers from the County; or (4) The City has policies, codes and procedures and an interlocal agreement with the County to receive TDR transfers from the County.]; and

WHEREAS, development of TDR policies and regulations and acceptance of grant funds will not diminish the City Council's authority to regulate land use and development within the City; and

WHEREAS, an eligibility requirement for awarding the grant funds is a resolution adopted by the City Council demonstrating its level of commitment to proceed toward adoption of TDR policies and regulations and an interlocal agreement with the County.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF _____ AS FOLLOWS:

Section 1. The City Council supports the development of an interlocal agreement between the City of _____ and _____ County or to adopt the Commerce Interlocal Terms and Conditions Rule by reference for rural and natural resource land transfer of development rights (TDR) policies and regulations.

Section 2. The City agrees to [Options: (1) Review and consider enacting TDR policies and regulations to receive development rights from the County; (2) Review and consider revising existing TDR policies and regulations to receive development rights from the County; or (3) Receive development rights from the County and will use grant funds awarded from the Puget Sound Regional Council and Washington State Department of Commerce to invest in infrastructure improvements in designated receiving areas.

Section 3. The City TDR policies and regulations should focus on the receipt of development rights from _____ in sending areas designated by the County. [Note: this provision would be used if the city has elected to designate the sending area from which it will receive development rights.]

Section 4. The best candidates for receiving areas in the City are _____.

Section 5. The City Council commits to meeting all milestones and completing all deliverables consistent with its grant application to the Department of Commerce by December 31, 2011.

SAMPLE RESOLUTION FOR INFRASTRUCTURE GRANT

A RESOLUTION STATING THE CITY COUNCIL'S SUPPORT INVESTING INFRASTRUCTURE FUNDS IN A DESIGNATED RECEIVING AREA CONSISTENT WITH THE REGIONAL TRANSFER OF DEVELOPMENT RIGHTS PROGRAM.

WHEREAS, the transfer of development rights (TDR) is one tool available to Washington communities to encourage the preservation of working agricultural and forest land while also promoting higher-density, infill development within incorporated cities, consistent with the Washington State Growth Management Act (GMA), Chapter 36.70A RCW, and as provided in the Regional Transfer of Development Rights Program, Chapter 43.362 RCW; and

WHEREAS, the Washington State Legislature recently affirmed the regional TDR program by directing the Washington State Department of Commerce to establish a regional TDR program in Central Puget Sound;

WHEREAS, to further City goals in policies _____, it is important to preserve working agricultural and forest land; and

WHEREAS, through a grant from the U.S. Environmental Protection Agency the Puget Sound Regional Council will work with the state, _____ County, and the Cascade Land Conservancy to implement a regional TDR program; and

WHEREAS, through a grant from the U.S. Environmental Protection Agency the Puget Sound Regional Council will work with the state to provide grants to cities to develop an interlocal agreement with the county; develop TDR policies and regulations; revise existing TDR policies and regulations; or provide infrastructure improvements in already designated receiving areas consistent with the regional TDR program; and

WHEREAS, The City has adopted TDR policies and regulations, designated receiving areas, and entered into an interlocal agreement with the County consistent with the regional TDR program; and

WHEREAS, infrastructure investment is needed in designated receiving areas to support planned densities with the use of TDR; and

WHEREAS, an eligibility requirement for awarding the grant funds is a resolution demonstrating its level of commitment to implement its TDR policies and regulations and invest infrastructure funds to support TDR density in receiving areas.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF _____ AS FOLLOWS:

Section 1. The City agrees to receive development rights from the County and will use grant funds awarded from the Puget Sound Regional Council and Washington State Department of Commerce to invest in infrastructure improvements in designated receiving areas.

Section 2. The City Council commits to meeting all milestones and completing all deliverables consistent with its grant application to the Department of Commerce by December 31, 2011.